

S.R. 22 - By Glasgow: Extending congratulations to Donald "Cobra" Curry.

S.R. 25 - By Glasgow: Extending congratulations to St. John Lutheran Church of Hamilton on its 50th anniversary.

S.R. 28 - By Glasgow: Extending congratulations to Edna Gardner Whyte.

S.R. 32 - By Glasgow: Extending congratulations to Julianan Cowden on her retirement.

S.R. 33 - By Glasgow: Extending congratulations to Reverend Emil V. Becker on his retirement.

ADJOURNMENT

On motion of Senator Washington, the Senate at 4:07 o'clock p.m. adjourned in memory of William Mitchell, Jr. and Phillip M. King until 11:30 o'clock a.m. tomorrow.

APPENDIX

Filed Without Signature of Governor
(August 18, 1986)

S.C.R. 4

EIGHTH DAY

(Wednesday, August 20, 1986)

The Senate met at 11:30 o'clock a.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Mauzy, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Truan, Uribe, Whitmire.

Absent: Howard.

Absent-excused: Lyon, Washington.

A quorum was announced present.

Senator Carl Parker offered the invocation as follows:

Dear Heavenly Father, we come before You this morning asking forgiveness for our many sins, thanking You for our many blessings and praying that You guide our deliberations with understanding, courage and compassion. In Jesus' name we pray. Amen.

On motion of Senator Brooks and by unanimous consent, the reading of the Journal of the proceedings of yesterday was dispensed with and the Journal was approved.

LEAVES OF ABSENCE

Senator Washington was granted leave of absence for today on account of important business on motion of Senator Mauzy.

Senator Lyon was granted leave of absence for today on account of important business on motion of Senator Mauzy.

MESSAGE FROM THE HOUSE

House Chamber
August 20, 1986

HONORABLE W. P. HOBBY
PRESIDENT OF THE SENATE

SIR: I am directed by the House to inform the Senate that the House has passed the following:

H.B. 1, Relating to money appropriated for the support of the judicial, executive, and legislative branches of the state government, for the construction of state buildings, and for state aid to public junior colleges, for the fiscal year ending August 31, 1987; authorizing and prescribing conditions, limitations, rules, and procedures for allocating and expending the appropriated funds; and declaring an emergency.

H.C.R. 19, Congratulating The University of Texas women's basketball team.

Respectfully,

BETTY MURRAY, Chief Clerk
House of Representatives

REPORTS OF STANDING COMMITTEES

Senator Parker submitted the following report for the Committee on Education:

C.S.H.B. 13

Senator Farabee submitted the following report for the Committee on State Affairs:

S.B. 13

Senator Edwards submitted the following report for the Committee on Nominations:

We, your Committee on Nominations, to which were referred the attached appointments, have had same under consideration, and report them back to the Senate for final consideration.

To be a Member of the BOARD OF REGENTS, TEXAS A&M UNIVERSITY SYSTEM: Mayor Henry G. Cisneros, Bexar County.

To be a Member of the TEXAS BOARD OF HEALTH: R. Jack Ayres, Jr., Dallas County.

To be Members of the TEXAS BOARD OF LICENSURE FOR NURSING HOME ADMINISTRATORS: Mrs. Ray Pearl Bloebaum, Travis County; Dr. Reuben R. McDaniel, Jr., Travis County; Jarmese Morris, Harris County.

To be Members of the POLYGRAPH EXAMINERS BOARD: Chief William W. Fisher, Harris County; Eddie Senigaur, Jefferson County.

To be Members of the TEXAS ANIMAL HEALTH COMMISSION: Delvin R. Barrett, Brazos County; Robert Franklin Bartlett, Van Zandt County; Joe E. Chapa, Jr., Hidalgo County; James D. Sartwelle, Austin County; James B. Owen, Smith County.

To be Members of the BOARD OF DIRECTORS, STATE BAR OF TEXAS (Appointed by Supreme Court of Texas): Gustavo L. Garcia, Travis County; Marvin H. Hancock, Jr., Dallas County.

To be Members of the BOARD OF TRUSTEES, FIRE FIGHTERS' RELIEF AND RETIREMENT FUND: Donald Eernisse, Brazoria County; Bobby Joe Looney, Tarrant County; Joe Rice, Randall County.

To be Members of the COMMISSION ON FIRE PROTECTION PERSONNEL STANDARDS AND EDUCATION: Helen L. Campbell, Travis County; Alcus Greer, Harris County; Mike B. Perez, Jr., Webb County; Lester W. Tyra, Jr., Harris County.

To be Members of the PILOT COMMISSION FOR THE PORTS OF GALVESTON AND TEXAS CITY: Charles Clifford Burks, Galveston County; Carl Gay, Galveston County; Patricia Gray, Galveston County; Charles Jordan, Galveston County.

To be a Member of the GULF COAST WASTE DISPOSAL AUTHORITY: Clyde R. Bickham, Harris County.

To be Members of the TEXAS BOARD OF EXAMINERS IN THE FITTING AND DISPENSING OF HEARING AIDS: Henry M. Carder, M.D., Dallas County; George Holland, Jr., Lubbock County; Tom C. Lucenay, McLennan County.

To be Members of the HOME HEALTH SERVICES ADVISORY COUNCIL: Essie L. Bellfield, Orange County; Dr. Ruth L. Constant, Victoria County; Eddie Bernice Johnson, Dallas County; Reverend C. Elliott Means, Bexar County.

To be Members of the STATE HUMAN RIGHTS COMMISSION: Maxine Lee, Travis County; Mallory Robinson, Harris County.

To be a Member of the TEXAS INDIAN COMMISSION: Owanah P. Anderson, Wichita County.

To be Members of the TEXAS ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS: Kathlyn J. Gilliam, Dallas County; Emmett Hutto, Harris County; E. C. Green, Grayson County; Judge Thomas Vickers, Bexar County.

To be Members of the FINANCE COMMISSION OF TEXAS: Alan Burton Lerner, Dallas County; Karen Leslie Simon, Tarrant County; Carroll Sullivan, Williamson County; W. R. Vance, Brazos County.

To be Members of the BOARD OF REGENTS, LAMAR UNIVERSITY: Wayne Reaud, Jefferson County; Truman Arnold, Bowie County; Donna R. Davis, Brazos County; Otho Plummer, Jefferson County.

To be Members of the BOARD OF DIRECTORS, TRINITY RIVER AUTHORITY: Berlin Michael Cummings, Tarrant County; Blake Gillen, Navarro County; Mrs. Mary Ethel Jackson, Leon County; Melvin W. Jackson, Jr., Dallas County; David B. Jenkins, Chambers County; B. C. Lively, Polk County; Robert T. Mattox, Harris County; James Charles Payton, Tarrant County; Nobel Welch, Kaufman County.

To be Members of the BOARD OF DIRECTORS, TEXAS WORLD TRADE DEVELOPMENT AUTHORITY: Jack Collins, Travis County; David Finney, Tarrant County; John H. Keck, Webb County; B. J. "Red" McCombs, Bexar County; Dan F. Parman, Bexar County; Buddy Temple, Travis County.

To be Members of the TEXAS BOARD ON AGING: Mrs. Mary Hazlewood, Potter/Randall County; Evelyn Porter, Bexar County; Jerry Ribnick, Harris County.

To be Members of the TEXAS COMMISSION ON THE ARTS: Kenneth E. Bentsen, Harris County; Kenneth Q. Carlile, Harrison County; Henry S. Miller, Jr., Dallas County; Margaret S. Mills, McLennan County; Aaronetta H. Pierce, Bexar County; Ann K. Stool, Val Verde County; Jeffrey Weiss, Dallas County.

To be Members of the TEXAS STATE BOARD OF EXAMINERS OF PROFESSIONAL COUNSELORS: Carol E. Champion, Cameron County; Katherine Crumley, San Jacinto County; Robert L. Smith, Ph.D., Hunt County.

To be Members of the TEXAS COMMISSION FOR THE DEAF: Dominick V. Bonura, Howard County; Sidney J. Braquet, Harris County; Ann M. Phillips, Dallas County; N. S. Draughon, Jr., Bell County.

To be Members of the STATE BOARD OF DENTAL EXAMINERS: Terry Daniel Dickinson, D.D.S., Harris County; Clara Hoffman, Dallas County; William J. Kemp, D.D.S., Haskell County; Sam H. Rabon, D.D.S., Kleberg County.

To be Members of the COUNCIL ON DISABILITIES: Mrs. Joseph Chimelak, Harris County; Amy Kidd Rosenberg, Travis County; Judge Bob L. Thomas, McLennan County.

To be a Member of the STATE ETHICS ADVISORY COMMISSION: John F. Sutton, Jr., Travis County.

To be Members of the GOOD NEIGHBOR COMMISSION: Dr. Michael L. Lauderdale, Travis County; Paula Montoya, Lubbock County; Dr. Billy Reagan, Harris County; Sondra Sugerman, Bexar County.

To be Members of the TEXAS HISTORICAL COMMISSION: Lunelle A. Anderson, Hays County; Mrs. George Ann Carter, Tarrant County; George Christian, Travis County; Mrs. Virginia Long, Gregg County; W. Merriman Morton, El Paso County; Dan Alvin Willis, M.D., Tarrant County.

To be Members of the TEXAS BOARD OF IRRIGATORS: John Alan Heidman, Dallas County; William C. Lucas, Dallas County.

To be NON-RESIDENT VIOLATOR COMPACT ADMINISTRATOR: George Griffin, Travis County.

To be Members of the TEXAS BOARD OF LAND SURVEYING: Walter Fortney, Tarrant County; James D. Johnson, Tom Green County; Fern Maddera, Hockley County; William C. Wilson, Jr., Tom Green County.

To be Members of the BOARD OF DIRECTORS, LAVACA-NAVIDAD RIVER AUTHORITY: Edwin H. Duenow, Jackson County; Harry Lee Hafernack, Jackson County; J. B. Housson, Jackson County.

To be Members of the COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS: Roger P. Dickey, Taylor County; Charles W. Phelps, Brazos County; J. R. "Sonny" Sessions, Jr., Freestone County.

To be Members of the TEXAS STATE LIBRARY AND ARCHIVES COMMISSION: Governor Price Daniel, Sr., Liberty County; Auralia Nelson McCreless, Bexar County.

To be Members of the STATE BOARD OF MORTICIANS: Dr. Ray Burchette, Travis County; James P. Hunter III, Nacogdoches County; George A. Parker, Tarrant County; Donald H. Taft, Jefferson County.

To be a Members of the TEXAS MOTOR VEHICLE COMMISSION: Eddie Bradley, Randall County; John R. Cook, Stephens County; Erwin Elias, McLennan County; Vic Salvino, Dallas County.

To be Members of the TEXAS MUSIC COMMISSION: Trammell S. Crow, Dallas County; Don Ross Malone, Tarrant County; Randy McCall, Travis County; Jarrell McCracken, McClennan County; Stephen J. Mendell, Travis County; Manuel E. Rangel, Bexar County; Red Steagall, Tarrant County; Mike Tolleson, Travis County; Anthony "Lucky" Tomblin, Hays County.

To be a Member of the TEXAS NATIONAL GUARD ARMORY BOARD: Hal Boyd, Howard County.

To be a Member of the NUECES RIVER AUTHORITY: Edward Morris Jones, San Patricio County.

To be Members of the STATE BOARD OF NURSE EXAMINERS: Pauline Barnes, Bowie County; Teddy L. Langford, R.N., Ph.D., Lubbock County; Karen T. McLeaish, Ector County; Aimee Joanna Seamans, Bexar County.

To be Members of the STATE BOARD OF VOCATIONAL NURSE EXAMINERS: Sharon Johnson, Williamson County; Glenn Kenley, Hopkins County; Salvador Ortiz-Carrillo, M.D., Nueces County; Annie Mae Parker, Bell County; Victor W. Rhoads, Tom Green County; Suzanne Wilkinson, Gray County.

To be Members of the TEXAS ADVISORY BOARD OF OCCUPATIONAL THERAPY EXAMINERS: Mrs. Peggy L. Pickens, Harris County; Marianne Punchard, McLennan County.

To be Members of the STATE PENSION REVIEW BOARD: James M. Brelsford, Harris County; Frank Eikenburg, Collin County.

To be Members of the TEXAS STATE BOARD OF PHARMACY: Harold D. Eakman, R.Ph, Tom Green County; Georgette Erskine-Hankins, Tarrant County; Albert E. Hopkins, Sr., Harris County.

To be Members of the GOVERNOR'S COMMISSION ON PHYSICAL FITNESS: William P. Daves, Jr., Dallas County; George F. Dillman, Dallas County; R. Lisa Rico Popp, Travis County; Elvin Smith, Ph.D., Brazos County; Neal Spelce, Travis County.

To be Members of the STATE BOARD OF PLUMBING EXAMINERS: Stanley J. Briers, Harris County; Joe W. Campbell, Harris County; William D. Pickens, Harris County.

To be Members of the TEXAS STATE BOARD OF PODIATRY EXAMINERS: Thomas F. Eckert, D.P.M., Smith County; John G. Knecht, D.P.M., Galveston County.

To be a Member of the STATE PRESERVATION BOARD: Lowell Lebermann, Travis County.

To be a Member of the TEXAS BOARD OF PRIVATE INVESTIGATORS AND PRIVATE SECURITY AGENCIES: Patti Ivey, Coke County.

To be Members of the TEXAS STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS: Barbara Adams Bailey, Ph.D, Travis County; Harold H. LeCrone, Jr., Ph.D., McLennan County; Joe D. Robbins, Dallas County.

To be a Member of the TEXAS PUBLIC BUILDING AUTHORITY: Gerald J. Goff, Travis County.

To be Members of the RADIATION ADVISORY BOARD: Dr. Fred J. Bonte, Dallas County; E. Linn Draper, Jr., Ph.D., Jefferson County; Laura Keever, Harris County.

To be a Member of the RAILROAD COMMISSION OF TEXAS: Clark Jobe, Travis County.

To be a Member of the TEXAS REAL ESTATE COMMISSION: James N. Johnson, Smith County.

To be Members of the REAL ESTATE RESEARCH ADVISORY COMMITTEE: Guy Chipman, Jr., Bexar County; Bill Jennings, Tarrant County; Frederick Donald McClure, San Augustine County; David L. Stirton, Harris County.

To be Members of the BOARD OF DIRECTORS, RED RIVER AUTHORITY: Paul Lyle, Hale County; Rex H. McAnelly, Gray County; John W. Welch, Fannin County; Albert B. Wharton III, Wilbarger County.

To be COMMISSIONER FOR THE RED RIVER COMPACT: R. C. Slagle III, Grayson County.

To be a Member of the STATE RURAL MEDICAL EDUCATION BOARD: James W. Caldwell, M.D., Rockwall County.

To be Members of the SABINE RIVER AUTHORITY OF TEXAS: R. Earl Lord, Sabine County; Nolton L. Brown, Orange County; John Harvey Butts, San Augustine County; John W. Cooke, Panola County.

To be a Member of the TEXAS SABINE RIVER COMPACT COMMISSION: Danny (Butch) Choate, Orange County.

To be a Member of the SCHOOL LAND BOARD: Lola L. Bonner, Aransas County.

To be Members of the STATE SEED AND PLANT BOARD: Kenneth W. Boatwright, Lee County; David Koeppe, Ph.D., Lubbock County; Darwyn Metcalf, Swisher County; Ray Joe Riley, Castro County; E.C.A. (Ed) Runge, Ph.D., Brazos County; Ben Smith, Waller County.

To be Members of the TEXAS 1986 SESQUICENTENNIAL COMMISSION: Bob Bowman, Smith County; Jim D. Bowmer, Bell County; Calvin Guest, Brazos County; Warren Potash, Tarrant County.

To be a Member of the ADVISORY COUNCIL ON SMALL BUSINESS ASSISTANCE: Roy L. Fuller, Harris County.

To be Members of the STATE COMMITTEE OF EXAMINERS FOR SPEECH PATHOLOGY AND AUDIOLOGY: Harold G. Beaver, Bell County; Sara M. Haynes, Dallas County; Carol M. Hering, Travis County; Marjorie Roddy Sanger, McLennan County.

To be Members of the BOARD OF DIRECTORS, SULPHUR RIVER BASIN AUTHORITY: David Whitney Glass, Lamar County; Walter Helm, Hopkins County; Bill Jennings, Red River County; Richard R. Morrison, Jr., Morris County; Vatra Solomon, Titus County; Carroll Wheeler, Bowie County.

To be Members of the TEXAS SURPLUS PROPERTY AGENCY: Gerald D. Irons, Sr., Montgomery County; Bruce Wood, Kaufman County.

To be Members of the BOARD OF TAX PROFESSIONAL EXAMINERS: Michael C. Frazier, Harris County; Robert C. Willis, Polk County.

To be Members of the TEACHERS' PROFESSIONAL PRACTICES COMMISSION: Louise Daniel, Randall County; Pete De Hoyos, Val Verde County; Bernard Jackson, Harris County; Mazie Mack, Brazoria County; Marva Miller, Harris County; Ron Reaves, Bexar County; Jose Salgado, El Paso County; Mike Sampson, Ph.D., Hunt County; Jeff Sanders, Uvalde County; John Sawyer III, Harris County; Yolanda C. Villareal, Nueces County; Kathryn White, Tarrant County; Wendell Whittenburg, Nolan County; Edward Wilson, Taylor County.

To be Members of the TEXAS TOURIST DEVELOPMENT BOARD: Robert Alpert, Dallas County; Joe R. Fulton, Nueces County; Gerard J. Inzerillo, Dallas County; John Mosty, Bexar County.

To be Members of the VETERANS AFFAIRS COMMISSION: Arturo T. Benavides, Webb County; Samuel Bier, Travis County; Billy E. Kirby, Bosque County; Lindon Williams, Harris County.

To be Members of the STATE BOARD OF VETERINARY MEDICAL EXAMINERS: Mike Levi, Travis County; Mary E. Mainster, D.V.M., Bexar County; Fred K. Soifer, D.V.M., Harris County.

To be Members of the TEXAS WATER WELL DRILLERS BOARD: Frank Del Rio, Travis County; Linda R. Gambill, Baylor County; Barry Henderson, Gregg County; John H. Walker, Brazoria County.

To be Members of the TEXAS JUDICIAL COUNCIL: Judge John L. McCraw, Jr., Collin County; Judge Charles J. Murray, Tarrant County; Judge Joe Spurlock II, Tarrant County; Judge Curt F. Steib, Tom Green County.

To be a Member of the STATE PURCHASING AND GENERAL SERVICES COMMISSION: Kenneth R. Epley, Tom Green County.

To be BRANCH PILOT FOR THE BRAZOS SANTIAGO PASS, BAR AND TRIBUTARIES: Captain Newton R. Prohaska, Cameron County.

To be Members of the HEALTH AND HUMAN SERVICES COORDINATING COUNCIL: Marshall W. Cooper, Cochran County; Judith L. Craven, M.D., Harris County; Arnold N. Sweet, Dallas County; Jerry Kane, Nueces County.

To be a Member of the BOARD OF DIRECTORS, TEXAS HOUSING AGENCY: Perry Bradley, Hopkins County.

To be Members of the TEXAS JUVENILE PROBATION COMMISSION: Mrs. Victoria Hunter Baldwin, Travis County; Mrs. Margaret E. Dunn, Hays County; Roy E. Turner, Sr., Randall County.

To be a Member of the PUBLIC SAFETY COMMISSION: Calvin R. Guest, Brazos County.

To be Members of the TEXAS GUARANTEED STUDENT LOAN CORPORATION: Homero Avila, Hidalgo County; Robert L. Hardesty, Hays County.

To be Members of the BOARD OF DIRECTORS, UNIVERSITY SYSTEM OF SOUTH TEXAS: Mauro Garcia, Brooks County; Mrs. Mary Anne Flournoy Guthrie, Nueces County; C. Ivan Wilson, Nueces County.

To be Members of the MULTI-STATE WATER RESOURCES PLANNING COMMISSION: A. L. Black, Parmer County; T. D. (Rusty) Howell, Harrison County; Tom Masterson, Harris County; Dr. Idris Traylor, Jr., Lubbock County; Judson Williams, Ph.D., El Paso County.

To be Members of the TEXAS STRUCTURAL PEST CONTROL BOARD: James P. Burns, Harris County; Larry A. Esparza, Cameron County; Roger P. Maddox, Dallas County; Tommy Lester Brown, Tarrant County.

To be PRESIDING JUDGE OF THE 1ST ADMINISTRATIVE JUDICIAL DISTRICT: Judge Ron Chapman, Dallas County.

SENATE BILLS AND RESOLUTION ON FIRST READING

The following bills and resolution were introduced, read first time and referred to the Committee indicated:

S.B. 29 by Washington Economic Development
Relating to the regulation and licensing of pari-mutuel wagering on greyhound racing and horse racing; providing penalties.

S.B. 30 by Henderson Economic Development
Relating to the closing of a savings and loan association under certain circumstances.

S.B. 31 by Jones Economic Development
Relating to the power of a savings and loan association to engage in business in another state.

S.C.R. 9 by Henderson Jurisprudence
Granting Sibley and Associates, Inc., permission to sue the State of Texas and the University of Houston.

HOUSE BILL ON FIRST READING

The following bill received from the House was read the first time and referred to the Committee indicated:

H.B. 1, To Committee of the Whole Senate.

CO-AUTHOR OF SENATE BILL 3

On motion of Senator Uribe and by unanimous consent, Senator Brown will be shown as Co-author of **S.B. 3**.

RESOLUTIONS SIGNED

The President announced the signing in the presence of the Senate the following enrolled resolutions:

H.C.R. 1

H.C.R. 2

H.C.R. 3

GUEST PRESENTED

Senator Henderson was recognized and introduced the Capitol Physician for the Day, Dr. Jorge Pinera of Houston.

The Senate welcomed Dr. Pinera and extended their appreciation.

GUEST PRESENTED

Senator Edwards was recognized and introduced Congressman Jim Chapman.

The Senate welcomed him as their guest for the day.

PROCLAMATION FROM THE GOVERNOR

The President laid before the Senate the following Proclamation from the Governor:

**P R O C L A M A T I O N
BY THE
GOVERNOR OF THE STATE OF TEXAS**

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Under the provisions of Article III, Section 40 of the Texas Constitution, I, Mark White, Governor of Texas, do hereby add to the call of this Second Called Session of the 69th Legislature, now convened, the following:

Legislation amending the Tax Code to provide for a temporary 1 1/8 cent increase in the sales tax on taxable items sold in this state, such increase to expire no later than August 31, 1987. We are unable to bridge the state's budget gap without raising revenue or reneging on the commitment we have made to invest in the education of our children — an investment that is critical to the future of our state. We must not retreat from the reforms we have made in our schools and the commitment to excellence we have made in our universities.

A constitutional amendment to prohibit a personal or corporate income tax, to maintain our favorable business climate in this state and to aid in our efforts to attract new business and industry.

Legislation and a constitutional amendment authorizing interstate operation and acquisition of banks and savings and loan associations, branching powers for these institutions, and other measures to enhance the strength and viability of our financial institutions.

The Secretary of State will take notice of this action and will notify the members of the Legislature.

Done at Austin, Texas, this 20th day of August, 1986, under the Seal of this State properly attested by the Secretary of State.

/s/Mark White
Governor of Texas

/s/Myra A. McDaniel
Secretary of State

The Proclamation was read and was filed with the Secretary of the Senate.

MESSAGE FROM THE GOVERNOR

The following Message from the Governor was read and was filed with the Secretary of the Senate:

Austin, Texas
August 19, 1986

Mrs. Betty King
Secretary of the Senate
State Senate
Capitol Building
Austin, Texas 78701

Dear Mrs. King:

On February 7, 1986, I nominated Mr. Ramon Garcia of McAllen for appointment to the Board of Regents, Pan American University for a term to expire August 31, 1991. I request that the Senate return the appointment to this Governor.

Respectfully submitted,

/s/Mark White
Governor of Texas

NOMINATION RETURNED

On motion of Senator Edwards and by unanimous consent, the Senate granted the Governor's request to return to him the nomination of Mr. Ramon Garcia to be a Member of the Board of Regents of Pan American University.

MESSAGE FROM THE GOVERNOR

The following Message from the Governor was read and was filed with the Secretary of the Senate:

Austin, Texas
August 19, 1986

Mrs. Betty King
Secretary of the Senate
State Senate
Capitol Building
Austin, Texas 78701

Dear Ms. King:

On April 18, 1986, I nominated Mr. Joseph Sacco of Houston for appointment to the Texas World Trade Council for a term to expire February 1, 1987. I request that the Senate return the appointment to this Governor.

Respectfully submitted,

/s/Mark White
Governor of Texas

NOMINATION RETURNED

On motion of Senator Edwards and by unanimous consent, the Senate granted the Governor's request to return to him the nomination of Mr. Joseph Sacco to be a Member of the World Trade Council.

NOTICE OF CONSIDERATION OF NOMINATIONS

Senator Edwards gave notice that he would tomorrow at the conclusion of Morning Call submit to the Senate for consideration nominations to agencies, boards and commissions of the State.

MESSAGE FROM THE HOUSE

House Chamber
August 20, 1986

HONORABLE W. P. HOBBY
PRESIDENT OF THE SENATE

SIR: I am directed by the House to inform the Senate that the House has passed the following:

H.B. 62, Relating to the payment date of the salaries of state officers and employees.

Respectfully,

BETTY MURRAY, Chief Clerk
House of Representatives

SENATE BILL 11 ON SECOND READING

Senator Harris moved to suspend the regular order of business to take up for consideration at this time:

S.B. 11, Relating to the acquisition and management of a bank or bank holding company located in Texas by an out-of-state bank holding company; providing penalties.

The motion prevailed by the following vote: Yeas 25, Nays 3.

Yeas: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Truan, Uribe, Whitmire.

Nays: Mauzy, Parker, Sims.

Absent: Howard.

Absent-excused: Lyon, Washington.

The bill was read second time.

Senator Harris offered the following Committee amendment to the bill:

Committee Amendment No. 1

Amend SECTION 3 of **S.B. 11** by adding Subdivision (4) to Sec. 4, following Subdivision (3)(b)(ii):

“(4) an agreement to provide such additional information as may be required by rules promulgated by the Commissioner.”

The Committee amendment was read and was adopted viva voce vote.

Senator Harris offered the following Committee amendment to the bill:

Committee Amendment No. 2

Amend **S.B. 11** as follows:

(1) On page 3, line 26, and on page 13, line 9, strike “Federal Reserve Act” and substitute “Federal Deposit Insurance Act”.

(2) On page 6, lines 13 and 14, strike “UNDER FEDERAL LAW” and substitute “[UNDER FEDERAL LAW]”.

The Committee amendment was read and was adopted viva voce vote.

Senator Farabee offered the following amendment to the bill:

Floor Amendment No. 1

Amend **S.B. 11** as follows:

(1) Amend Sections 2 and 3 of Article 12, Chapter IX, The Texas Banking Code of 1943 (Article 342-912, Vernon's Texas Civil Statutes), to read as follows: (See page 3, Committee Printing)

“Section 2. If the application is made by a state bank or involves the direct or indirect acquisition of the voting shares or assets of a state bank, including a bank holding company that owns or controls, directly or indirectly, a state bank, the commissioner, on receipt of the notice prescribed by Subsection (b) of Section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842(b)), shall respond in writing within the time limit prescribed by that subsection. The response shall set

forth the views and recommendations of the commissioner concerning the application. If the commissioner shall determine that the application does not evidence compliance with the provisions of the Community Reinvestment Act of 1977 (12 U.S.C. Sec. 2901 et seq.) following his review according to the criteria in Section 6 of Article 12, he shall include that determination in his response; provided, however, that the commissioner shall not be required to disapprove the application as a result of such determination. If the commissioner disapproves the application, he shall, with the assistance of the attorney general, present evidence at the hearing held pursuant to Subsection (b) of Section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842(b)).

“Section 3. If the application is made by a national bank located in the state or involves the direct or indirect acquisition of the voting shares or assets of a national bank located in the state, including a bank holding company that owns or controls, directly or indirectly, a national bank located in the state, the commissioner shall advise the Board of Governors of the Federal Reserve System of any views and recommendations he may have concerning the application and other material before the board of governors in connection with the application. If the commissioner shall determine that the application does not evidence compliance with the provisions of the Community Reinvestment Act of 1977 (12 U.S.C. Sec. 2901 et seq.) following his review according to the criteria in Section 6 of Article 12, he shall include that determination in his advice to the board of governors; provided, however, that the commissioner shall not be required to recommend to the board of governors that the application be denied because of such determination. If the commissioner recommends to the board of governors that the application be denied, he shall request that a hearing pursuant to Subsection (b) of Section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. Sec. 1842(b)) be held. If the board of governors should grant such request, the commissioner shall, with the assistance of the attorney general, present evidence at the hearing as hereinabove provided. If the board of governors should deny such request, the commissioner is authorized and directed to pursue the remedies available to him as an aggrieved party in accordance with the provisions of Section 9 of the Bank Holding Company Act of 1956 (12 U.S.C. Section 1848).”

(2) Add a new Section 6 to Article 12, Chapter IX, The Texas Banking Code of 1943, to read as follows: (See page 4, line 67, Committee Printing)

“Section 6. (a) In his review of a bank's compliance with the provisions of the Community Reinvestment Act of 1977 (12 U.S.C. Section 2901 et seq.), the commissioner is encouraged to give priority to the following criteria:

“(1) Continued and increased extension of credit or direct or indirect investment in projects or programs designed to develop or redevelop areas in which persons with low or moderate incomes reside, and designed to meet the credit needs of those low or moderate-income areas or that primarily benefit persons of low and moderate income, as long as those investments are consistent with sound banking practices, policies, and procedures. For the purposes of this review, personal installment loans, loans made to purchase, or loans secured by an automobile shall not be considered qualifying community reinvestment.

“(2) Continued and increased investments in governmentally insured, guaranteed, subsidized, or otherwise sponsored programs for housing, small farms, or businesses that address the needs of the low and moderate-income areas.

“(3) Continued and increased investments in residential mortgage loans, home improvement loans, housing rehabilitation loans, and small business or small farm loans originated in low and moderate-income areas, or the purchase of such loans originated in low and moderate-income areas.

“(4) Continued and increased investments for the preservation or revitalization of urban or rural communities in low and moderate-income areas.

"(5) Continued investments in the obligations of state and local governmental entities, priority to be given where possible to those entities located in the local community or local trade area of each bank."

The amendment was read.

Senator Harris moved to table the amendment.

The motion to table was lost by the following vote: Yeas 14, Nays 14.

The President announced the Chair would vote "Nay" on the motion to table the amendment.

Yeas: Blake, Brooks, Brown, Glasgow, Harris, Henderson, Jones, Kothmann, Krier, Leedom, Montford, Sarpalius, Sharp, Traeger.

Nays: Barrientos, Caperton, Edwards, Farabee, Green, McFarland, Mauzy, Parker, Parmer, Santiesteban, Sims, Truan, Uribe, Whitmire.

Absent: Howard.

Absent-excused: Lyon, Washington.

Question recurring on the adoption of Floor Amendment No. 1, the amendment was adopted by the following vote: Yeas 17, Nays 11.

Yeas: Barrientos, Blake, Caperton, Edwards, Farabee, Green, Jones, McFarland, Mauzy, Parker, Parmer, Santiesteban, Sarpalius, Sims, Truan, Uribe, Whitmire.

Nays: Brooks, Brown, Glasgow, Harris, Henderson, Kothmann, Krier, Leedom, Montford, Sharp, Traeger.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Farabee offered the following amendment to the bill:

Floor Amendment No. 2

Amend S.B. 11, SECTION 3, by amending Article 12, Chapter IX, The Texas Banking Code of 1943 (Article 342-912, Vernon's Texas Civil Statutes), as follows:

(1) Insert "(a)" between the words "Section 4." and "An out-of-state".

(2) Add a new Subsection (b) to read as follows:

"(b) An out-of-state bank holding company that seeks to own or control, directly or indirectly, a state bank or national bank domiciled in this state shall pay a fee upon acquisition of such bank. The fee shall be one (1) percent of the purchase price of the bank being acquired. The Banking Commissioner shall have the authority to promulgate rules and regulations to determine the actual amount of the purchase price as represented to the stockholders and to compute the fee. The full amount of the fee shall be paid to the Banking Commissioner and deposited in a special account of the General Revenue Fund of the State Treasury to be appropriated by the legislature for economic development."

The amendment was read.

Senator Traeger offered the following amendment to Floor Amendment No. 2:

Floor Amendment No. 3

Amend Floor Amendment No. 2 by striking the words "for economic development" on line No. 17.

The amendment was read.

Senator Farabee moved to table the amendment to Floor Amendment No. 2.

The motion to table the amendment to Floor Amendment No. 2 prevailed by the following vote: Yeas 17, Nays 11.

Yeas: Barrientos, Blake, Caperton, Edwards, Farabee, Glasgow, Green, Jones, McFarland, Mauzy, Montford, Parmer, Santiesteban, Sims, Truan, Uribe, Whitmire.

Nays: Brooks, Brown, Harris, Henderson, Kothmann, Krier, Leedom, Parker, Sarpalius, Sharp, Traeger.

Absent: Howard.

Absent-excused: Lyon, Washington.

On motion of Senator Harris, Floor Amendment No. 2 was tabled by the following vote: Yeas 17, Nays 11.

Yeas: Barrientos, Blake, Brooks, Brown, Edwards, Glasgow, Harris, Henderson, Kothmann, Krier, Leedom, McFarland, Montford, Parker, Sharp, Traeger, Whitmire.

Nays: Caperton, Farabee, Green, Jones, Mauzy, Parmer, Santiesteban, Sarpalius, Sims, Truan, Uribe.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Farabee offered the following amendment to the bill:

Floor Amendment No. 4

Amend S.B. 11, SECTION 3, by amending Article 12, Chapter IX, The Texas Banking Code of 1943 (Article 342-912, Vernon's Texas Civil Statutes), as follows:

(1) Insert "(a)" between the words "Section 4." and "An out-of-state".

(2) Add a new subsection to be appropriately lettered to read as follows:

"() The department shall have the authority to assure that interstate banking acquisitions authorized under this article will not diminish reasonable availability of banking services to all segments of the public and economy of this state, with special emphasis on economic development and the financing of enterprises to increase employment opportunities."

The amendment was read and was adopted viva voce vote.

Senator Parmer offered the following amendment to the bill:

Floor Amendment No. 5.

Amend section 3, by amending Article 12, Section 4, by adding a new section 6 to read as follows:

(a) An application for acquisition under this article shall address the issue of how the transaction will bring net new funds to Texas. It shall include but not be limited to a discussion of initial capital investments, loan policy, investment policy, dividend policy, and the general plan of business and shall specifically address steps that will be taken to meet the credit requirements for optimum economic development in the state. The commissioner shall disapprove any proposed

acquisition if the application fails to demonstrate adequately that the acquisition proposal would bring net new funds into the state.

This information shall be updated in annual reports to the commissioner which shall detail the compliance with the policies and plans contained in the application and their impact on the satisfaction of the net new funds requirement.

(b) The commissioner may promulgate regulations to supplement the requirements of this section.

A company or Texas financial institution violating this section or any regulation promulgated under this section shall be subject to a penalty of not more than \$1,000 a day for each day the violation continues.

(c) It is the intent of this legislature that both existing capital and capital which has flowed into the state shall remain within the state, and that all deposits gathered within the state must be invested within the state as either loans or investments.

The amendment was read.

On motion of Senator Harris, Floor Amendment No. 5 was tabled by the following vote: Yeas 20, Nays 8.

Yeas: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Glasgow, Harris, Henderson, Kothmann, Krier, Leedom, McFarland, Montford, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Whitmire.

Nays: Farabee, Green, Jones, Mauzy, Parker, Parmer, Truan, Uribe.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Parmer offered the following amendment to the bill:

Floor Amendment No. 6

Amend SECTION 3, by amending Article 12, Section 4, by adding a new subsection (3) to read as follows, and renumbering later subsections accordingly: (See Committee Printing, p. 7)

(3) evidence that the proposed acquisition will not result in a diminution of funds for economic development and diversification in Texas; and

Amend SECTION 3, by amending Article 12, Section 5, subsection (a) by adding a new subsection (3) to read as follows, and renumbering later subsections accordingly: (See Committee Printing, p. 9)

(3) the evidence submitted does not establish that the proposed acquisition will not result in a diminution of funds for economic development and diversification in Texas;

The amendment was read.

On motion of Senator Harris, Floor Amendment No. 6 was tabled by the following vote: Yeas 19, Nays 9.

Yeas: Blake, Brooks, Brown, Caperton, Edwards, Glasgow, Harris, Henderson, Kothmann, Krier, Leedom, McFarland, Montford, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Whitmire.

Nays: Barrientos, Farabee, Green, Jones, Mauzy, Parker, Parmer, Truan, Uribe.

Absent: Howard.

Absent-excused: Lyon, Washington.

On motion of Senator Harris and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment viva voce vote.

RECORD OF VOTE

Senator Mauzy asked to be recorded as voting "Nay" on the passage of the bill to engrossment.

SENATE BILL 11 ON THIRD READING

Senator Harris moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that S.B. 11 be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 2.

Yeas: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Truan, Uribe, Whitmire.

Nays: Mauzy, Sims.

Absent: Howard.

Absent-excused: Lyon, Washington.

The bill was read third time.

Senator Parmer offered the following amendment to the bill:

Floor Amendment No. 7

Amend SECTION 3, by amending Article 12, Section 4, striking subsection (2) and substituting therefor language to read as follows: (See Committee Printing, p. 8)

(2) evidence that the out-of-state bank holding company and each state bank, national bank in this State, and bank holding company being acquired will, after the acquisition, comply with applicable capital adequacy guidelines, and that the consolidated equity capital condition of these banks in this State during the first three years after being acquired will be maintained at least at the level existing immediately prior to the acquisition less the consolidated net loss of these banks, if any.

Amend SECTION 3, by Amending Article 12, Section 5, subsection (a), paragraph (2), striking subparagraph (i) and substituting language therefor to read as follows: (See Committee Printing, p. 9)

(i) the evidence submitted does not establish that the out-of-state bank holding company, and each state bank, national bank located in this State, and bank holding company being acquired will, after the proposed acquisition, comply with applicable capital adequacy guidelines and during the first three years after the acquisition maintain the consolidated equity capital condition which existed immediately prior to the acquisition less the consolidated net loss of these banks, if any.

The amendment was read and was adopted by unanimous consent.

The bill as amended was finally passed viva voce vote.

RECORD OF VOTE

Senator Mauzy asked to be recorded as voting "Nay" on the final passage of the bill.

SENATE JOINT RESOLUTION 4 ON SECOND READING

The President laid before the Senate on its second reading and passage to engrossment:

S.J.R. 4, Proposing a constitutional amendment to permit branch banking under certain circumstances.

The resolution was read second time.

Senator Jones offered the following amendment to the resolution:

Floor Amendment No. 1

Amend **S.J.R. 4** as follows:

(1) On Page 1, line 13, after the words "state banks" insert the following: "and savings and loan associations".

(2) On Page 1, line 23, insert between the word "charter" and the period the following: "; however, this restriction shall not apply to any other type of financial institution chartered under the laws of this state".

The amendment was read and was adopted viva voce vote.

On motion of Senator Harris and by unanimous consent, the caption was amended to conform to the body of the resolution as amended.

The resolution as amended was passed to engrossment viva voce vote.

RECORD OF VOTES

Senators Mauzy and Sims asked to be recorded as voting "Nay" on the passage of the resolution to engrossment.

SENATE JOINT RESOLUTION 4 ON THIRD READING

Senator Harris moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that **S.J.R. 4** be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 2.

Yeas: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Truan, Uribe, Whitmire.

Nays: Mauzy, Sims.

Absent: Howard.

Absent-excused: Lyon, Washington.

The resolution was read third time and was passed by the following vote: Yeas 26, Nays 2. (Same as previous roll call)

Absent: Howard.

Absent-excused: Lyon, Washington.

GUEST PRESENTED

Senator Blake was recognized and introduced the Honorable Ottis Lock, a former Member of the Senate.

The Senate extended their welcome to Senator Lock.

SENATE BILL 10 ON SECOND READING

Senator Harris moved to suspend the regular order of business to take up for consideration at this time:

S.B. 10, Relating to authorization of limited branch banking.

The motion prevailed by the following vote: Yeas 25, Nays 3.

Yeas: Barrientos, Blake, Brooks, Brown, Edwards, Farabee, Glasgow, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Mauzy, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Truan, Uribe, Whitmire.

Nays: Caperton, Green, Sims.

Absent: Howard.

Absent-excused: Lyon, Washington.

The bill was read second time.

Senator Harris offered the following Committee amendment to the bill:

Committee Amendment No. 1

Amend **S.B. 10** as follows:

In SECTION 1 of the bill, renumber Sec. 4 as Sec. 5 and insert a new Sec. 4 to read as follows:

Sec. 4. (a) In this section:

(1) "Bank" means a state or national bank.

(2) "Extraterritorial jurisdiction" means the area of a municipality's extraterritorial jurisdiction as provided by the Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes).

(3) "Jurisdictional area" means the territory within the boundaries or extraterritorial jurisdiction of a municipality.

(4) "Municipality" means an incorporated city, town, or village.

(b) A state or national bank may not establish a branch or facility pursuant to this article within the jurisdictional area of a municipality served by another bank which is the only bank whose principal banking building is located within that jurisdictional area unless, at the time the branch or facility is established, the existing bank within the jurisdictional area operates a branch or facility pursuant to this article located outside that jurisdictional area.

The Committee amendment was read.

On motion of Senator Harris and by unanimous consent, Committee Amendment No. 1 was tabled.

Senator Harris offered the following Committee amendment to the bill:

Committee Amendment No. 2

Amend **S.B. 10** as follows:

(1) On page 1, line 9, strike "business" and substitute "the business of accepting demand deposits and making commercial loans".

(2) On page 1, line 10, between "article" and the period, insert "and Article 3a".

(3) On page 4, line 22, strike "house" and substitute "building".

(4) On page 4, line 23, between "county" and the comma, insert "in this state".

(5) On page 5, strike lines 16-19 and substitute the following:

(b) A bank may engage in the business of accepting demand deposits and making commercial loans only at the locations specified by this article and Article 3a, and no financial institution other than a bank may conduct business, by virtue of this article, at locations specified by this article.

The Committee amendment was read and was adopted viva voce vote.

Senator Parker offered the following amendment to the bill:

Floor Amendment No. 1

Amend **S.B. 10** on page 5, line 20 by adding a new section 4 to read as follows:

Sec. 4 "Any state, national or private bank operating at a branch office facility must maintain a loan to deposit ratio of at least 1.75 within the community where the branch is located. Such ratio shall be calculated by dividing the total dollar value of all loans of the branch by the total dollar value of all deposits at the branch."

The amendment was read and failed of adoption by the following vote: Yeas 8, Nays 20.

Yeas: Barrientos, Green, Mauzy, Parker, Sarpalius, Sims, Traeger, Truan.

Nays: Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parmer, Santiesteban, Sharp, Uribe, Whitmire.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Parker offered the following amendment to the bill:

Floor Amendment No. 2

Amend **S.B. 10** on page 5 line 19 following the period by adding:

"Any bank operating at a branch office facility shall post notice of its loan to deposit ratio within the community. Such notice shall be posted at the branch in a conspicuous place readily accessible to the public at all times."

The amendment was read and failed of adoption by the following vote: Yeas 6, Nays 22.

Yeas: Barrientos, Green, Mauzy, Parker, Sims, Truan.

Nays: Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Uribe, Whitmire.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Parker offered the following amendment to the bill:

Floor Amendment No. 3

Amend **S.B. 10** by striking Section 1 of the bill and substituting a new Section 1 to read as follows:

SECTION 1. Article 3, Chapter IX, The Texas Banking Code of 1943 (Article 342-903, Vernon's Texas Civil Statutes), is amended to read as follows:

Art. 3. LIMITED BRANCH BANKING [PROHIBITED]

Sec. 1. (a) A [No] State, national, or private bank may [shall] engage in business only in its principal banking building and in the locations authorized by this article.

(b) A State, national, or private bank in a county with a population of two hundred fifty thousand (250,000) or more, as determined under Subsection (g), may engage in business at:

(1) any facility the nearest boundary of which is located within five thousand (5,000) feet of the nearest wall of the principal banking building and within the same county or city as the principal banking building;

(2) not more than three (3) branch office facilities the nearest wall of which is located more than five thousand (5,000) feet from the nearest wall of the principal banking building, but within the same county or city as the principal banking building;

(3) with respect to each branch office facility described in Subdivision (2), not more than two (2) drive-in facilities whose nearest boundary is located within one thousand (1,000) feet of the nearest wall of the branch office facility and within the same county or city as the principal banking building; and

(4) any facility in operation or under construction on July 15, 1986, and any facility provided for in an application or notice on file on July 15, 1986, with the regulatory authority having jurisdiction over the application or notice.

(c) A bank holding company owning more than one (1) bank in a county or city may convert the bank or banks into branches of a bank within the same county or city. The branches, for the purposes of Subsection (b)(3), shall be treated as branch office facilities described in Subsection (b)(2), but these branches and the facilities of each branch described in Subsection (b)(4) are not included in determining the maximum number of branches or facilities permitted under Subsection (b)(2) or (b)(3). If a bank or bank holding company by consolidation, merger, or other means acquires or acquires control of an independent bank that on July 15, 1986, was operated as an independent bank, the independent bank may be converted into a branch of the acquiring bank or of a bank owned or controlled by the bank holding company if both the bank and the acquired independent bank are in the same county or city. The facilities of the independent bank converted into a new branch that are described in Subsection (b)(4) are not counted in determining the maximum number of branches or facilities permitted under Subsection (b)(2) or (b)(3). However, a branch may not be operated under this subsection unless the city or county in which the branch is operated has a population of two hundred fifty thousand (250,000) or more, as determined under Subsection (g).

(d) For the purposes of Subsections (b) and (c):

(1) "independent bank" means a State bank or national bank domiciled in this State that is not owned or controlled, directly or indirectly, by any bank holding company that owns or controls, or is under common control with, two (2) or more banks; and

(2) "drive-in facility" means a facility offering banking services solely to persons who remain outside the facility.

(e) A State, national, or private bank in a county with a population of less than two hundred fifty thousand (250,000), as determined under Subsection (g), may engage in business at:

(1) [in more than one place, maintain any branch office, or cash checks or receive deposits except in its own banking house or through unmanned teller machines as authorized in Article 3a. For purposes of this article "banking house" means the building in whose offices the business of the bank is conducted and which

is functionally one place of business, including (a)] office facilities whose nearest wall is located within five hundred (500) feet of the nearest wall of the central building and is physically connected to the central building by tunnel, passageway or hallway providing direct access between the central building and the connected office facility or by closed circuit television or pneumatic tube or other physically connected delivery device;

(2) [~~and (b)~~] not more than two (2) office facilities whose nearest wall is located within three thousand five hundred (3,500) feet of the central building and is physically connected to the central building by tunnel, passageway or hallway providing direct access between the central building and the connected office facility or by closed circuit television or pneumatic tube or other physically connected delivery device;

(3) [~~and (c) in addition;~~] not more than one (1) drive-in/walk-up facility whose nearest boundary is located within ten thousand five hundred (10,500) feet of the nearest wall of the central building but more than five hundred (500) feet therefrom, is within the same county as the central building, and is connected to the central building by tunnel, passageway or hallway providing direct access between the central building and the connected drive-in/walk-up facility or by closed circuit television, pneumatic tube or other physically connected delivery device;:] and

(4) [(~~tt~~)] in addition not more than one (1) drive-in/walk-up facility whose nearest boundary is located within twenty thousand (20,000) feet of the nearest wall of the central building but more than five hundred (500) feet therefrom, is within the same county or city as the central building, and is connected to the central building by tunnel, passageway or hallway providing direct access between the central building and the connected drive-in/walk-up facility or by closed circuit television, pneumatic tube or other physically connected delivery device; provided no such facility shall be located within the boundary lines of any city or town which according to the 1980 census has a population of less than five thousand (5,000) and in which a bank is already located.

(f) For the purposes of Subsection (e), the [~~The entire banking house shall for all purposes under the law be considered one integral banking house. The~~] term "drive-in/walk-up facility" [~~as herein used~~] shall mean a facility offering banking services solely to persons who remain outside of the facility or in a building having a secured teller lobby during the transaction of business with the bank.

(g) Except as otherwise provided by this section, population for the purposes of this section is determined by the populations reported for July 1984 in "Estimates of Population and Per Capita Income Compared with Numbers from the 1980 Census of Population and Housing for Texas Counties and Incorporated Places" published in November 1985 by the Texas State Data Center of the Texas Advisory Commission on Intergovernmental Relations.

Sec. 2. (a) If a State bank or national bank acquires certain assets and assumes certain liabilities of a failed State bank or national bank whose principal banking house is located in a different county, the bank may establish one (1) or more branches in the locations, if any, where the failed bank owned or operated facilities authorized by this article at any time during the six (6) months before the date of the failure, if the Commissioner determines that:

(1) the bank proposed to be acquired is a failed bank;

(2) the acquisition is necessary to protect the financial interests of the acquired bank's depositors and creditors; and

(3) the terms of the acquisition are acceptable to each federal agency having jurisdiction over the transaction.

(b) After the acquisition the acquiring bank shall not engage in business, maintain a branch office, or cash checks or receive deposits in the different county except in the locations provided by this section.

Sec. 3. (a) In this section, "bank" means an entity:

- (1) that accepts demand deposits and makes commercial loans;
- (2) that is chartered and supervised under this Code or by the Office of the Comptroller of Currency of the United States; and
- (3) the deposits of which are eligible to be insured by the Federal Deposit Insurance Corporation.

(b) A bank may conduct business only at the locations specified by this article, and no financial institution other than a bank may conduct business at those locations by virtue of this article.

Sec. 4. Any bank adversely affected by a violation of this article may, and the Attorney General, upon request of the Commissioner, shall bring suit in a court of competent jurisdiction to enjoin a violation of this article. The party who prevails in such proceeding shall recover costs of suit and reasonable attorney's fees.

The amendment was read.

Senator Brooks offered the following amendment to Floor Amendment No. 3:
Floor Amendment No. 4

Amend the Parker amendment by adding a sentence entitled Sec. 4 to read as follows; and renumbering the present Sec. 4 as Sec. 5:

"Sec. 4 Nothing in this provision shall apply to facilities approved and developed prior to the passage of this act."

The amendment to Floor Amendment No. 3 was read and was adopted viva voce vote.

Question recurring on the adoption of Floor Amendment No. 3 as amended.

On motion of Senator Harris, Floor Amendment No. 3 was tabled by the following vote: Yeas 19, Nays 9.

Yeas: Blake, Brown, Caperton, Edwards, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Santiesteban, Sarpalius, Sharp, Uribe, Whitmire.

Nays: Barrientos, Brooks, Farabee, Mauzy, Parker, Parmer, Sims, Traeger, Truan.

Absent: Howard.

Absent-excused: Lyon, Washington.

Senator Green offered the following amendment to the bill:

Floor Amendment No. 5

Amend **S.B. 10**, Section 1, by striking subsection (c) and renumbering subsequent subsections.

The amendment was read.

On motion of Senator Harris, Floor Amendment No. 5 was tabled by the following vote: Yeas 21, Nays 7.

Yeas: Blake, Brooks, Brown, Caperton, Edwards, Glasgow, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Uribe, Whitmire.

Nays: Barrientos, Farabee, Green, Mauzy, Parker, Sims, Truan.

Absent: Howard.

Absent-excused: Lyon, Washington.

On motion of Senator Harris and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment viva voce vote.

RECORD OF VOTES

Senators Mauzy and Sims asked to be recorded as voting "Nay" on the passage of the bill to engrossment.

SENATE BILL 10 ON THIRD READING

Senator Harris moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that S.B. 10 be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 2.

Yeas: Barrientos, Blake, Brooks, Brown, Caperton, Edwards, Farabee, Glasgow, Green, Harris, Henderson, Jones, Kothmann, Krier, Leedom, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Traeger, Truan, Uribe, Whitmire.

Nays: Mauzy, Sims.

Absent: Howard.

Absent-excused: Lyon, Washington.

The bill was read third time and was passed viva voce vote.

RECORD OF VOTES

Senators Mauzy and Sims asked to be recorded as voting "Nay" on the final passage of the bill.

SENATE RULE 103 SUSPENDED

On motion of Senator Harris and by unanimous consent, Senate Rule 103 was suspended in order that the Committee on Economic Development might consider S.B. 31 at 9:00 o'clock a.m. tomorrow.

MEMORIAL RESOLUTIONS

S.R. 36 - By Washington: Memorial resolution for William Mitchell, Jr.

S.R. 37 - By Brooks: Memorial resolution for Dr. C. Frank Webber.

CONGRATULATORY RESOLUTIONS

H.C.R. 16 - (Henderson): Extending congratulations to the Cypress Creek Emergency Medical Services.

H.C.R. 19 - (Barrientos): Extending congratulations to The University of Texas women's basketball team.

S.R. 35 - By Sarpalius: Extending congratulations to R. M. Lemon.

ADJOURNMENT

On motion of Senator Brooks, the Senate at 2:55 o'clock p.m. adjourned until 11:30 o'clock a.m. tomorrow.